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TAGS: [ETRD](#) [WTRO](#) [ECON](#) [PGOV](#) [UP](#)
SUBJECT: UKRAINE: GOU RUSHES WTO LEGISLATIVE PACKAGE
THROUGH PARLIAMENT AMID POLITICAL CRISIS

REF: A. MOLNAR-PYATNYTSKIY EMAILS OF 5/29 AND 5/30

[1](#)B. KYIV 1314

[1](#)C. KYIV 897

[1](#)D. KYIV 790

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[1](#)1. (SBU) Summary: Ukraine's Rada (parliament) voted on May 31 to adopt 11 laws considered necessary for WTO accession. The drafting process was rushed to meet the timeline for the Rada's planned dissolution, however, and close scrutiny will be necessary to ensure the adopted laws are WTO consistent. In parallel, the Rada "re-passed" a group of 53 laws that had previously been adopted under legal ambiguity in April and May. Among these laws were several that may not be consistent with WTO rules, especially one reinstating mandatory certification for imported agricultural products. While these newly adopted laws may not be perfect from a WTO standpoint, Ukraine's pro-WTO forces recognized that they had a narrow window to push through legislation, and by so doing should help push Ukraine's accession into the final stages. End Summary.

[1](#)2. (U) Ukraine's Rada (parliament) on May 31 adopted a package of 11 laws identified as necessary for WTO accession. The vote came after President Viktor Yushchenko extended the suspension of his decree dissolving the Rada, part of the compromise meant to resolve the country's political crisis (ref B).

A Rushed WTO Package

[1](#)3. (U) The following bills made up the adopted WTO package:
-- Amendment to the law "On Value Added Tax" (regarding taxation of agricultural enterprises);
-- Law "On the Establishing, Testing, Transportation and Use Of Genetically Modified Organisms" (to create a framework for the creation, testing, and use of products of biotechnology);
-- Amendment to the law "On Insurance" (to cancel 75% limit for insurance in case of marine, aviation, and transport insurance);
-- Amendment to the law "On the Customs Duty of Ukraine" (to convert Ukraine's tariff nomenclature to HS 2002);

-- Amendment to the law "On Safety and Quality of Food Products" (to change the time of advance notification of inspection from 48 hours to 60 days);
-- Amendment to the law "On the Export Duty Rates for Seeds of Certain Oil Crops" (to cancel indicative prices for those products);
-- Amendment to the law "On the Export Duty Rates for Scrap Ferroalloys" (to fix schedule of reductions to begin upon accession);
-- Amendment to the law "On the Export Duty Rates for Scrap Nonferrous Metals and Semi-Finished Products Made of Those Metals" (to fix schedule of reductions to begin upon accession);
-- Amendment to the law "On Standards, Technical Regulations, and Methods of Determining Compliance" (to ensure precedence of international over regional standards and introduce provisions related to conformity assessment recognition);
-- Amendment to the law "On Procedures of Payments in Foreign Currency" (to extend payment period from 90 to 180 days); and
-- Amendment to the Civil Code of Ukraine to allow for the destruction of counterfeit and pirated goods, and equipment.

¶4. (U) Post notes that most of these laws, with the exceptions of the customs duty amendment and the oil crop seeds amendment, were on USTR's most recent list of necessary legislation sent to the Ukrainians (ref A).

¶5. (SBU) The vote followed hurried preparations by GOU officials once it became clear that the President intended to allow the Rada to function only for a matter of days. A senior member of Ukraine's WTO team confided to us on May 30 that the legislative package was indeed rushed through the drafting process. According to this official, the Ministry of Economy was not able to review for WTO consistency many of the final drafts submitted to the Rada,

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with the Presidential Secretariat and other Ministries doing their own last-minute drafting. (Comment: Post also understands that Washington agencies had intended to provide additional comments on several of the draft bills. End Comment.)

Additional Laws Pass as Part of Political Compromise

¶6. (U) As reported by ref B, the Rada on May 29 "re-passed" 53 laws that previously passed in April and May, after Yushchenko had formally dissolved the Rada. Included among those 53 were several laws that may not be WTO-consistent. President Yushchenko has so far neither signed into law nor vetoed the bulk of the 53 bills (with a few exceptions not relevant to WTO accession), but media reports speculate that the President may have promised to sign all the laws without exception, as part of the deal meant to solve the political crisis.

¶7. (U) Post has identified the following laws as of possible concern for WTO accession:
-- Amendment to the law "On the Quality of Imported Agricultural Produce" (Establishes compulsory certification on imported agricultural goods in clear violation of WTO rules);
-- Amendment to the law "On Sugar Production and Regulation" (Changes the authority from the Rada to the Cabinet of Ministers for establishing minimum and maximum prices for sugar, and could raise objections from Australia);
-- Amendment to the law "On Grapes and Wine" (Relates to geographical indications and could raise European Union concerns);
-- Amendment to the law "On the Basis of State Monitoring (Control) of Economic Activities" (Alters Ukraine's

inspections regime);
-- Two amendments to the law "On Licensing Economic Activities" (Changes some licensing procedures, in particular extends the term of inspection for licensing from 10 to 30 days for transportation services);

18. (SBU) Ambassador sent a letter to President Yushchenko in April urging him not to sign the law concerning compulsory certification of imported agricultural goods. Lead WTO negotiator Valeriy Pyatnytskiy assured Ukraine's Working Party in Geneva in May that this particular bill would not enter into force, as the GOU recognized that it violated WTO rules. Head of the Ministry of Economy's WTO Department Vyacheslav Tsybal told Econoff on May 31 that he still hoped the President would veto this particular law. (Comment: Despite the negative implications for accession, the President might not want to threaten a wider political deal by vetoing this law. The GOU understands that the draft is not WTO compliant, however, and, should the President sign it, would likely seek its repeal once the Rada is again in session. End Comment.)

Comment: Making Lemonade

19. (SBU) Ukraine's political crisis threatened to delay work on the legislative front, as the GOU was facing the prospect of no sitting legislature until after fall elections. The pro-WTO forces, with critical support from the President's office, therefore decided to push through everything they could now, during the narrow window of opportunity available. What passed will likely prove to be imperfect, but at least should keep up the accession's momentum and bring Ukraine to the doorstep of the WTO. And the fact that MPs voted in favor of several controversial measures, such as creating a framework for the products of biotechnology, demonstrates a strong, political-level commitment to complete accession as soon as possible.

TAYLOR